

## Retiree Health Benefit Subsidy

Beginning in FY 2004 the amount of the monthly health insurance subsidy for retirees will be based on years of service. Currently the subsidy is \$100 per month regardless of length of service.

Employees who retire prior to June 30, 2003 will receive the current \$100 subsidy. For those individuals who retire from Fairfax County effective July 1, 2003 and beyond, their monthly subsidy will be calculated according to years of service. Retirees age 55 and older and those retired on a disability are eligible for the Retiree Health Benefit subsidy. If you retire prior to age 55, your subsidy will go into effect when you turn age 55, using length of service at the time of retirement.

Retirees currently receiving the \$100 subsidy will be grandfathered at that level unless their years of service entitle them to receive a higher monthly subsidy as indicated below.

Commencement	Age 55	Age 55
Subsidy	Monthly	Monthly
Age at Retirement: <i>(Note: Subsidy payments for retirees over age 65 are adjusted for Medicare)</i>	< 65	> 65
5 - 9	\$25	\$15
10 - 14	\$50	\$25
15 - 19	\$125	\$75
20 - 24	\$150	\$100
25 or more	\$175	\$125

### Purpose

Fund 500, Retiree Health Benefits, provides monthly subsidy payments to eligible retirees of the County to help pay for health insurance. The current monthly subsidy is \$100 once a retiree reaches the eligibility age of 55.

During FY 2003, the average number of beneficiaries, including new retirees, disability retirees and current retirees who will reach the age of 55 is expected to increase by 159, or 9.4 percent, from 1,694 in FY 2002 to 1,853 in FY 2003. Estimates of the average number of beneficiaries are based on a review of the projected number of retirements and health benefit eligibility for personnel already retired from the Fairfax County Employees' Retirement, Uniformed and Police Officers Retirement Systems. Participants who become eligible to receive benefits are paid based on the period of eligibility within the fiscal year, which may or may not comprise a full year of payments.

### FY 2004 Initiatives

- ◆ Provide appropriate funding level to support the retiree's health insurance benefit subsidy.
- ◆ Continue to allow for the timely and accurate distribution of retiree health insurance subsidy payments.
- ◆ Employees who retire after July 1, 2003 will receive a subsidy based on their age and years of service.